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ARIZONA CORPORATION COMMISSION



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Arizona Corporation Commission
September 7, 2007

DOCKETED

SEP -7 2007

2007 SEP -7 P 3: 28

AZ CORP COMMISSION
DOCKET CONTROL

CERTIFIED MAIL

Mr. Charles D. Cardinal
7616 North La Cholla Boulevard.
Tucson, Arizona 85741

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RE: WINCHESTER WATER COMPANY, LLC - APPLICATION FOR A RATE
INCREASE (DOCKET NO. W-04081A-07-0466)

LETTER OF INSUFFICIENCY

Dear Mr. Cardinal:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on August 7, 2007; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket control receives the original and 15 copies of the corrected pages.

You have 15 calendar days, or until September 22, 2007 to correct the deficiencies, or make other arrangements with Staff to remedy you rate application. If corrections or other arrangements are not made by that date, Staff will request that the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Brendan C. Aladi. He can be reached at (602) 542-0785, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Elijah Abinash
Assistant Director / Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

EOA:BCA:tdp

CC: Docket Control Center (fifteen copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering
Marc Stern, Hearing Division

WINCHESTER WATER COMPANY, LLC
RATE APPLICATION
FOR THE TEST YEAR ENDED DECEMBER 31, 2006
DOCKET NO. W-04081A-07-0466

LIST OF DEFICIENCIES

1. The revenue generated by the billing determinants (page 9) does not reconcile to the income statement (page 19) as required.
2. The statement "The owners of Winchester Water Company, LLC had to provide financing for these new facilities personally along with loans to cover some rather large emergency repairs, especially after summer storms" (p. 4) is inconsistent with the omission of debt or notes payable on the balance sheet (p. 22) and the Supplemental Financial Data – Long-Term Debt (p. 23).
3. Please reconcile the discrepancy in metered customers. The statement in support of rate request (page 6) shows 129 customers served, while the water Company plant description data sheet (page 17) shows 133 customer meters.
4. The application does not contain invoices for purchased power (Acct. 615, item 6), Repairs and maintenance over \$150 (Acct. 620, item 7), outside services over \$150 (Acct. 630, item 8) and water testing (Acct. 635, item 9) for the test year (2006).
5. The application does not contain statements from the county for the property tax expenses incurred during the test year.
6. The following changes should be made on page 11 of the application before re-noticing the page:
 - a) Meter test (if correct) - the wording (if correct) is missing.
 - b) Deposit should show - Per Commission rule A.A.C. R14-2-403(B) for current and proposed charges.
 - c) Deposit Interest should show - Per Commission rule A.A.C. R14-2-403(B) for current and proposed charges.
 - d) Meter Reread (If Correct) - the wording (if correct) is missing.
 - e) Deferred payment (per month) – the wording (per month) is missing.
 - f) Late payment charge – pay month – the wording "payment charge – per month" is missing
7. The supporting documentation for plant additions is mislabeled as Item 4.

The following are not sufficiency items.

Please cite the Commission decisions that authorized each of the Company's loans.

Has the Company hired employees?